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Workers without Power: Agency, Legacies, and Labour Decline in East European Varieties of Capitalism

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Abstract: This article revisits the case for paying more attention to agency and strategy in theories of post-communist politics and society. The author analyses two trends of major social and political significance in Central and Eastern Europe between 1989 and 2007: the apparent political inconsequentiality of rising unemployment and the causes and consequences of the dramatic decline of organised labour, across a wide variety of political and institutional settings. While the prevailing explanations have emphasised the institutional and ideological legacies of the communist past, the author points to theoretical reasons for why the 'unsettled times' of transformation may have been particularly conducive to elite agency. Looking beyond legacies can shed light on the degree to which elites have channelled the expression of workers' reform grievances towards socially peaceful but, possibly, politically illiberal repertoires of expression. Pointing to past developments across a number of advanced and developing democracies, the author situates the post-communist labour decline within a larger comparative and historical context. Lastly, the author indicates how the erosion of labour power has influenced the particular models of democracy and the varieties of capitalism that have been emerging in Central and Eastern Europe since 1989.

Keywords: unemployment politics, trade union politics, models of capitalism, public policies, elite strategy

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Individuals in certain phases of their lives, and groups or entire societies in certain historical periods, are involved in constructing new strategies of action. ... Periods of social transformation seem to provide simultaneously the best and the worst evidence for culture's influence on social action. Established cultural ends are jettisoned with apparent ease, and yet explicitly articulated cultural models, such as ideologies, play a powerful role in organizing social life.

Ann Swidler [1986: 278]

Under what conditions do agency and strategy assume greater importance vis-à-vis structure and legacy in determining the design of public policies? More generally, how large is the scope for political elites in liberal democracies to shape, rather than merely accommodate, the behaviour and preferences of citizens? My recent article in this journal was devoted to a plea for a more explicitly intentional and political-strategic analysis of the public policy pathways that have evolved in Central and Eastern Europe since 1989. I argued that we need to simultaneously acknowledge and circumscribe the roles of 'structure' and 'history' in theories of post-communism [Vanhuysse 2006a]. In the present article I revisit and further extend the case for paying more attention to agency and strategy in theories on contemporary Central and Eastern European societies, while focusing analytical attention on a different set of social phenomena. Given the strong and pervasive effects the communist one-party systems had on Central European societies for over four decades, it would be unwarranted to dismiss these concepts entirely. But we need to move beyond highly aggregate concepts and variables in order to identify history and structure at intermediate levels and as partly subject to manipulation by governments, rather than as inherited or invariant beyond strategic action.

The article is structured as follows. The first section spells out in greater detail the particular theoretical grounds for why we can expect the 'unsettled times' of post-communist transformation to be especially conducive to agency and strategy. The next two sections illustrate this general argument by critically analysing another set of sociologically highly significant and often seemingly puzzling empirical developments of post-communist politics – the apparent disappearance of unemployment as a politically salient phenomenon and the weak role of organised labour. Again, I argue that some of the leading theoretical explanations of these developments underplay the degree of agency and intentionality involved, and that key political actors were able to make purposive decisions *within* the parameters set by the external, structural, and legacy constraints of the transition. I furthermore place the politics of unemployment and organised labour within the larger context of the emerging varieties of capitalism within post-communist Central and Eastern Europe.

Political sociology in unsettled times: the variable interplay of agency and structure

Ever since Anthony Downs [1957] published his seminal work, *An Economic Theory of Democracy*, theories of politics (e.g. the influential spatial theories of voting) have modelled the behaviour of politicians and policymakers as mainly geared towards accommodating the preferences of their voters. But incumbent politicians can do other things. They often have a considerable degree of leeway to actively *shape* voter preferences or otherwise to pursue policies designed to favour their own objectives.¹ Proactive government strategy – elite agency – helps to explain the longevity in office of successful political leaders, such as Margaret Thatcher and Felipe Gonzalez. Both these leaders used their tenure to boldly reshape the political landscape of Britain and Spain, winning respectively three and four consecutive national elections in the process. In the case of the latter politician, one famous example is Spain's NATO membership. Faced with this massively unpopular issue, Gonzalez unexpectedly called a referendum in March 1986 instead of packaging the issue together with other issues in the national elections that were due in June of the same year. Gonzalez threw his whole weight behind a yes vote, even though initially only 19% of voters supported membership. When one month before the referendum support still stood at 26%, Gonzalez raised the stakes even further by announcing that he would resign in the case of defeat. Gonzalez eventually won the March referendum by 53% and went on to win an absolute majority of seats in the June elections [Maravall 1993; 1999: 181–183]. Similarly, Margaret Thatcher successfully reduced the absolute size of the traditionally Labour-oriented electorate of public sector workers and public tenants by aggressively privatising state enterprises and by selling over 1.5 million public housing units to private occupants. By simultaneously increasing the rental prices in public housing (by up to 80%) and decreasing sales prices (by as much as 70% below market value), Thatcher improved the relative welfare of private owners vis-à-vis tenants and increased the constituency of Conservative voters [Dunleavy 1991: 120; King and Wood 1999: 383].

Elite agency may also account for aggregate findings that, at first sight, appear to weaken the preference-shaping thesis. Page and Shapiro [1983, 1992] found a high degree of congruence between public opinion and public policy in 357 cases of significant policy change. Moreover, they claimed that changes in the behaviour of politicians have more often followed than preceded changes in public opinion. Not surprisingly, these studies are often cited as strongly supportive

¹ See Dunleavy [1991], Vanhuysse [2002]. A separate literature in the tradition of Tversky and Kahneman further weakens the preference accommodation thesis. Voters' choices vary systematically according to the way in which these choices are presented – framed – to them [Mercer 2005]. In evaluating incumbents, the weights that voters assign to different policy domains vary according to which domains are made accessible to them, or are suggested – primed – as important [Iyengar and Kinder 1987].

of the preference-accommodation thesis [see also Stimson 1999]. Yet Page and Shapiro [1983: 187] also estimated that in up to one-half of the cases of congruence between policy and opinion the former likely had a causal effect on the latter. And in Page and Shapiro [1992] the most significant variable in multivariate regressions on political opinion was, specifically, strong political personalities – a phenomenon that was aptly dubbed the *leadership* effect.

How important was agency in the context of the post-communist transformation in Central and Eastern Europe? By their very nature, the early stages of transition made this period even more conducive to preference shaping, leadership effects, and similar forms of agency and strategy on the part of policymakers. Under communism, special interest groups were either formally incorporated within the state apparatus or were repressed and marginalised. It is precisely this 'opening up', after 1989–1990, of the multiple dimensions of politics and society that made the early transition such a consequential period. These were the archetypal *unsettled times*, recognised by historical institutionalists and by students of institutional change as highly conducive to agency and strategy. This was a period of historical transformation similar to those in which, according to the sociologist Ann Swidler [1986: 278, 283], 'new cultural complexes make possible new or reorganized strategies of action'.

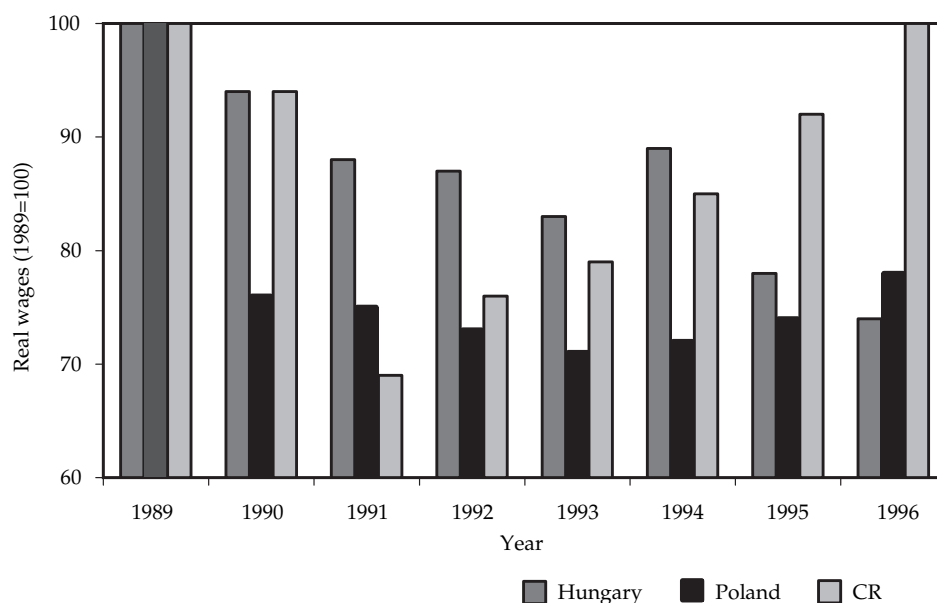
The last decade of the 20th century allowed for a high degree of agency on the part of political elites. Civil society started from a weak position because of the legacies of communism, but, crucially, elite behaviour may have further weakened this position in the early transition. Indeed, 'it is the political elite, rather than political institutions, that are dominant with respect to relations between government and civil society' [Korkut 2005: 162]. Party systems and voter loyalties were still in an early stage of formation, and electoral volatility was high [Kitschelt et al. 1999a]. At the same time this made proactive government strategies more urgent and potentially more rewarding. Policy-makers faced the complex task of directing simultaneous transformations of multiple policy domains, and there undoubtedly was a policy overload on the existing administrative capacities. Yet this context also provided post-communist politicians with critical opportunities to shape policies to their own benefit [Vanhuysse 2006b]. Laws, institutions, even constitutions – the very rules of the political game – were being shaped and reshaped. Enjoying broad popular support after toppling hated regimes, policy-makers initially benefited from the 'windows of opportunity' of 'extraordinary politics' [Balcerowicz 1995]. Even after these windows were closed and the social costs of transition soared, post-communist politics left substantial operational space for political elites to use their state power to design and implement proactive strategies aimed at shaping rather than accommodating citizens' behaviour and preferences [Vanhuysse 2006b: 4].

While obviously constrained by the institutions and capabilities at hand, key policy-makers had a bigger-than-usual opportunity to 'rework' this existing institutional material [Stark and Bruszt 1997: 6–7]. The tasks of implementing

far-reaching market reforms lent themselves precisely to this goal. As Douglass North [2005] observes, 'Economic change ... is for the most part a deliberate process shaped by the perceptions of the actors about the consequences of their actions. The perceptions come from the beliefs of the players – the theories they have about the consequences of their actions – beliefs that are typically blended with their preferences'. Although the leadership effect was increased in the Czech case due to the great charisma of Václav Klaus [Vanhuysse 2006a], Czech electoral laws were less favourable to incumbents. In the first post-communist government, the ODF party (*Občanská demokratická fronta*) saw its 30% of votes translated into 38% of seats in the Czech National Council. Moreover, Czech governments had to cope simultaneously with the increasing strain on and subsequent break-up of the Czechoslovak federation [Stark and Bruszt 1997: 179–182]. Institutional factors in other cases strengthened the relative power of governments. In Hungary, prime ministers enjoyed strong executive authority, owing in part to the constructive device of the no-confidence vote, which required alternative governments to be formed when incumbent governments fell in parliament. Hungarian electoral laws also strengthened the election winners. The coalition partners in the 1990–1994 Antall government consequently saw their 45% of votes translated into over 60% of the parliamentary seats, while in the 1994–1998 Horn government the prime minister's party alone saw its 36% of votes translated into 54% of seats [Stark and Bruszt 1997: 170]. How did this favourable environment for actor agency play out in the realm of work and workers, or the politics of unemployment and organised labour?

Fear has big eyes: The political consequences of post-communist unemployment

In recent years a number of political analysts have argued that in the post-communist transition, unemployment has disappeared from the map as a politically salient phenomenon. Baxandall [2000; 2003] claims that in post-communist Hungary unemployment virtually disappeared as a political issue, while unemployment rates were simultaneously skyrocketing. In the same vein, Bartlett [1997: 229] concludes that 'far from intensifying political opposition to economic transition, rising unemployment *diminished* it'. Discussing Poland, Ekiert and Kubik [1999: 150–151] argue that unemployment was not politically significant since it was not a major issue in the wave of strikes and demonstrations that year. To explain this alleged political disappearance of unemployment, Baxandall [2000, 2002, 2003] refers to how the social 'meaning' of employment is politically constructed and manipulated by governments through official discourse, policies, and definitions. He suggests that the distinction between employment and unemployment was increasingly 'blurred' in Hungary, both as a result of communist informal work legacies and because of the new emphasis on entrepreneurship, rather than industrial workers, as the 'benchmark' and 'frame' of social and economic success:

Figure 1. Real wages in Hungary, Poland, and the Czech Republic, 1989–1996 (1989=100)

Source: UNICEF [1999: 141, Table 10.8].

‘Against the backdrop of political expectations for prosperous self-employment, unemployment became less politically salient’ [Baxandall 2003: 264]. Baxandall also argues that lower levels of informal employment and smaller drops in real wages explain why post-communist unemployment was comparatively *more* salient in Poland than it was in Hungary. Yet these countries showed only small differences in the incidence of informal employment and coping strategies, which hardly explains why unemployment was so much more salient in Poland [Rose and Haerpfer 1992]. Moreover, Figure 1 shows that the drops in real wages in Poland were generally higher, not lower, than in Hungary or the Czech Republic between 1989 and 1996. Following Baxandall, this should have made unemployment less, not more, salient in Poland.

Cumulative scholarship in sociology and social psychology and in economics indicates that unemployment generally produces singularly strong reductions along multiple dimensions of well-being.² People outside the labour market, and more so the unemployed, systematically report psychological distress scores that

² For results in sociology and social psychology, see Kelvin and Jarrett [1985], Argyle [1993], Gallie et al. [2001], and the contributions to Fryer and Ullah [1987], Gallie et

are consistently higher and life satisfaction scores that are consistently lower than those of people who are employed.³ Clark and Oswald [1994: 655] find that 'joblessness depresses well-being more than any other single characteristic, including important negative ones such as divorce and separation'. In a sample of eleven Western European countries, covering over 58 000 individuals, the life satisfaction scores of unemployed persons are lower, by between 19% and 37%, than those of employed respondents in every single country. On a scale of 1 (not satisfied at all) to 6 (fully satisfied), life satisfaction scores were, respectively, 3.7 and 4.2 for unemployed and employed people.⁴ In the post-communist context, moreover, unemployment has been a factor of even greater psychological salience [e.g. Gallie et al. 2001]. As Table 1 shows, by 1996 very large parts of the population in seven post-communist countries still believed that the government was responsible for providing a job for everyone and for providing the unemployed with a decent standard of living. Large parts of the population also believed that more or much more needed to be spent on unemployment benefits. The Czech Republic constituted the sole exception, which can be accounted for by the fact that it had by far the lowest levels of unemployment among the post-communist democracies [Vanhuysse 2006a]. Unemployment programmes received less support than health care or old-age pensions [Lipsmeyer 2003]. But this is commonly observed in the literature on welfare attitudes. It derives from the fact that unemployment benefits go to a much smaller part of the population than the latter programmes and do not affect the middle class.⁵ In this light, given that at its peak unemployment affected at most one in five workers, the political support for unemployment as reported in Table 1 is remarkably high, even in the Czech case.

al. [1994] and Gallie and Paugam [2000]. In economics, see Clark and Oswald [1994], Oswald [1997], Winkelmann and Winkelmann [1998], and Di Tella et al. [2001].

³ For instance, Winkelmann and Winkelmann [1998] show that in yearly panel data between 1984 and 1989, West German working-age men who were employed recorded an average life satisfaction score that was 9% higher than that of persons not in the labour force (e.g. pensioners and housewives) and 31% higher than that of the unemployed. Specifically, average life satisfaction scores in this period were 7.4 for the employed on a scale of zero (lowest satisfaction) to ten (highest satisfaction), compared to 6.8 for individuals out of the labour force and 5.6 for the unemployed (author's computations based on Winkelmann and Winkelmann [1998: 5]). On the differences in psychological distress scores between unemployed and employed people, see Clark and Oswald [1994], Gallie [1994], Oswald [1997], and Gallie et al. [2001].

⁴ These are non-weighted cross-country average scores, calculated from Whelan and McGinnity [2000: 292]. The average satisfaction scores per country were simply added up and divided by the number of countries, producing a score that does not control for the size of the countries within the sample. The sample included Belgium, Denmark, France, Germany, Greece, Ireland Italy, the Netherlands, Portugal, Spain, and the UK.

⁵ See Sabbagh and Vanhuysse [2006] and the references therein. On welfare attitudes, see furthermore Sabbagh et al. [2007] and Sabbagh and Vanhuysse [2007]. On welfare policies, see Vanhuysse [2001a, 2001b, 2006b] and Iversen [2005].

Table 1. Attitudes towards unemployment in the Czech Republic, Hungary, Poland, Slovenia, Bulgaria, Latvia, and Russia, 1996 (% of respondents)

	CR	Hun	Pol	Slov	Bul	Lat	Rus
Government should 'definitely' or 'probably' be responsible for <i>a job for everyone</i>	75	85	86	88	79	87	92
Government should 'definitely' or 'probably' be responsible for <i>a decent standard of living for the unemployed</i>	40	60	72	84	86	77	76
Government should spend 'much more' or 'more' on <i>unemployment benefits</i>	19	33	41	47	64	57	60

Source: Lipsmeyer [2003: 551–552, Tables 1–2].

Unemployment can also strongly affect *political attitudes*. From an analysis of 99 democratic regimes and 123 dictatorships in 135 countries between 1950 and 1990, Cheibub and Przeworski [1999: 227] found that the survival of heads of government is statistically independent of a number of economic variables such as (change in) inflation and (growth of) per capita income and per capita consumption. The only economic variable that influences the survival of incumbent politicians is a proxy for employment.⁶ Again, these political effects of unemployment have demonstrably been salient in the post-communist context. As Fidrmuc's [2000a, 2000b] analyses of elections in seven post-communist countries indicate, the rate of unemployment has been strongly negatively correlated with the share of votes received by incumbent parties. Unemployment was a strongly significant determinant of electoral outcomes also in a study of parliamentary and presidential elections across different Polish regions in the early 1990s [Bell 1997]. Across eight parliamentary elections in four Central European democracies, unemployment was found to have a strong negative effect on the share of votes received by pro-reform parties. Groups strongly hit by post-communist labour market restructuring have all tended to vote against pro-reform parties [Fidrmuc 2000a, 2000b]. Most prominent among these anti-reform voters were the unemployed, blue-collar workers, agricultural workers, and retirees, which included the hundreds of thousands of what can be termed 'abnormal pensioners' [Vanhuysse 2006b] – people receiving early and disability pensions.

⁶ Along similar lines, analysing data on close to 300 000 citizens in the US and in 12 West European countries, Di Tella et al. [2001: 340] find that citizens would be willing to trade off an estimated 1 percentage-point increase in the unemployment rate for an estimated 1.7 percentage-point increase in the inflation rate.

The strong political salience of unemployment was also evident in five prominent case studies of deep economic reforms during the early 1990s in Latin America and Eastern Europe [Stokes 2001a]. Declining real wages and soaring inflation led voters in four of these cases to make inter-temporal trade-offs and to uphold or increase support for reforming governments. But when unemployment went up, voters in all five cases unambiguously turned against the very same reforming governments.⁷ Reflecting on this evidence, Stokes [2001b: 26] concludes that ‘apparently, unemployment is such a catastrophic event that when people think the probability of losing their job is high, they interpret this unambiguously as bad news and hold the government responsible’. For instance, during Balcerowicz’s radical shock-therapy reforms introduced in January 1990, most Polish voters were aware that unemployment could indicate that the reforms were working; yet they were not in the least willing to tolerate it even temporarily. In February 1990, only 0.8% of the Polish labour force was registered as unemployed. But two-thirds of respondents thought they were in great or very great danger of losing their job [Przeworski 1993: 166]. The proportion of Poles who found the very notion of unemployment ‘despicable’ rose to more than three out of four, while there was a sharp decline in those who deemed unemployment ‘necessary’. Among those threatened with unemployment, 65% responded that they were willing to strike in order to defend their jobs, when surveyed both in April and in November 1990 [Przeworski 1993: 181]. The relationship was straightforward. Those who feared losing their job exhibited lower support for the Balcerowicz reforms. In Przeworski’s apt words, ‘fear had big eyes’. The severe drop in the purchasing power of their wages notwithstanding, job loss was simply a price that Polish workers were not willing to pay. In sum, the evidence does not support the assertion that unemployment was an unimportant or little salient political issue in post-communist societies. This leads us to turn to a natural alternative explanation: the role of organised labour in responding to the threat of unemployment and in winning economic concessions and otherwise influencing government policy in Central and Eastern Europe since 1989.

The erosion (or non-emergence) of labour power in post-communist Europe: causes and consequences

Judging by a number of contextual variables that have historically been correlated with a resurgence of labour, the danger of large-scale industrial action in response to labour anger appeared to be significant in Central and Eastern Eu-

⁷ These cases included Peru, Mexico, Argentina, East Germany and Poland. See also Przeworski [1993, 2001], Vanhuysse [2003] for a review, and Bell [1997] and Fidrmuc [2000a, 2000b] for further evidence. Like Stokes, Przeworski [1993: 165] concludes unambiguously that ‘Fear of unemployment overwhelms the effects of all other economic variables combined, and it makes people turn against the reform program’.

rope shortly after 1989. Communist legacies included high union density levels, sizeable farmer populations, and many non-competitive firms and farms. The economic losers, such as workers and farmers, who had been accustomed to significant social protection, were both highly aggrieved and highly able to translate their grievances into collective action. Union density rates in Central and Eastern Europe were much higher than in even the most unionised developing countries and were higher than in many advanced Western democracies, including those in continental Western Europe [ILO 1997: 237–238]. The share of industrial employment in late communism was also significantly higher than in Western democracies. Industrial plants also tended to be much larger in size. In command economies, it was easier to plan output for a few big firms than for many small firms [Roland 2000: 6]. This provided important economies of scale in mobilising workers for collective action.

Unions under communism were not independent of the Party, and the uncommonly high union density rates partly reflected the preferential access of union members to social benefits. The accelerated integration of Central and Eastern European economies into more service-based economies implied cutbacks in heavy industry, a traditional union stalwart. Economic reforms such as the privatisation of state-owned enterprises and the liberalisation of many domestic economic activities and foreign investment further reduced union density levels. Most new jobs were created in non-unionised firms, mainly in services, and in small, medium-sized, or foreign-owned enterprises [Kubicek 2004]. Therefore, in the years immediately after 1989, unions could almost naturally have expected to lose some degree of formal organisational strength, as measured by indicators such as density and coverage rates. However, the early transition also provided new and previously unseen opportunities to develop more assertive political agency. Entrepreneurial actors well adapted to the new competitive environment were able to rise quickly to prominence, with a speed uncommon in more established democracies, and so they did, guided by a strong monetarist and neo-liberal ideology, which served as a binding factor, uniting technocratic elites and dissident intellectuals in post-communist CEE [Eyal et al. 1998; King 2002]. Former dissidents formed political parties and obtained majorities in the first national parliaments and governments. Ex-communist parties, which obviously faced even stronger credibility problems than post-communist unions, re-manned their leadership positions, re-packaged their political messages, and were voted back into government – as early as in 1993 in Poland, in 1994 in Hungary, and in 1998 in the Czech Republic. Sociological research on elites indicates that upward mobility was uncommonly high for entrepreneurial agents with valuable human or cultural capital [e.g. *Theory and Society* 1995]. For instance, by 1995, 45% of these positions were occupied by Hungarians who had earlier held executive posts in state-owned firms and institutions before 1990; the phenomenon was dubbed the ‘revolution of the deputy department heads’ [Kolosi and Sági 1999: 45]. As Eyal et al. conclude [1998: 9], the post-communist governing elites are comprised of

'technocrats and managers – many of whom held senior positions in communist institutions – and former dissident intellectuals who contributed to the fall of communist regimes at the end of the 1980s'.

In this environment, ambitious political entrepreneurs had abundant opportunities to re-brand themselves and their unions by fighting combatively for the jobs, rights, and wages of workers hurt by economic reforms. Yet such proactive agency emphatically *did not* materialise in the case of organised labour. Numerous case studies have shown that post-communist unions, across a wide variety of political-institutional settings, have comprehensively failed to defend the jobs, wages, working conditions, and other economic interests of their rank and file [Crowley and Ost 2001; Crowley 2004; Kubicek 1999, 2004; Korkut 2005]. Having entered the 1990s with a fighting chance in principle, Eastern European unions never converged at continental or northern European levels of influence. One indicator is provided by the level at which wage bargaining took place. In Central Europe, high-level agreements conducted at the national or industrial level have strongly declined. By 1996, 65% of local union branches in Hungary stated that wages were negotiated at the level of individual firms, compared to 72% in the Czech Republic and 97% in Poland.⁸ The predicted erosion of nominal indicators of union power also overshot the mark. The initial post-communist union legacies of high union density and coverage had been dramatically eroded by as early as 1995. Hungarian union membership as a percentage of the non-agricultural labour force decreased by 22 percentage points from 1985 levels to reach 52%. Polish union density fell by 20 points within six years to reach 27%, and Czech union density fell by 41 points in just five years to reach 36%. The proportion of post-communist employees actually covered by collectively bargained agreements was significantly lower than in countries like France, Germany, Sweden, and Norway [ILO 1997: 237–238, 240, 248; see also Vanhuysse 2006b: 122].

The Czech Republic provides a particularly telling case in point, as it initially boasted a seemingly pro-union corporatist framework, which included the relative independence of unions from government parties, a relatively consolidated union movement with high density rates, and a tripartite Council with extensive powers set up early in the transition [Orenstein 2001]. Before being submitted to parliament, all social policy proposals had to be discussed in this Council, where employers and trade unions were represented as strongly as the government. This more independent and labour-inclusive start may help to explain the much lower unemployment rates than elsewhere in post-communist Central Europe [Vanhuysse 2006a]. This in turn may help to explain why Czech extremist

⁸ ILO [1997: 148–149]. In Hungary, the number of registered sector-level agreements went down from 24 in 1992 to 7 in 1995, whereas that of registered enterprise-level agreements went up from 391 to 816. In Poland, only ten collective agreements were concluded above enterprise level from the start of transition up to September 1996, compared to over 6000 at the firm level, more than a third of which were registered in the preceding two years [Vanhuysse 2004a: 430].

right-wing parties were comparatively much less successful than in Poland (see below) or in neighbouring Slovakia, where higher unemployment contributed to the mobilisation of workers along illiberal lines [Stein 2001]. Yet in the medium term Czech unions just as much failed to stake out a combative, independent strategy. They gradually conceded political influence after Václav Klaus took over the premiership from Marián Čalfa in June 1992. For example, the legal practice of extending sector agreements to include non-signatory enterprises, approved by parliament in December 1990, was abandoned after 1995. At the same time, new statutes severely downgraded the role of the Council, and the government began unilaterally setting the pay scales for most public sector jobs [Orenstein 2001; Vanhuyse 2004a: 430]. When the union leadership did mobilise, it was to flex its muscle through national rallies in Prague, but it never got involved in building up local union organisation at workplaces [Pollert 2001: 20]. In sum, Czech union weakness can partly be explained 'by a common phenomenon – *that of its policing by its leadership*' [Pollert 2001: 22–23, emphasis added].

In just fifteen years, labour unions in Central and Eastern Europe have evolved from being large and sometimes very powerful organisations, often instrumental in the overthrow of the communist regimes, to being much smaller numerically, and much weaker politically, unable to go against government policies that often do not even pretend to serve their interests [Kubicek 2004: 206]. This general failure on the part of union leaderships to promote workers' interests is among the most striking stories of the Central and Eastern European transformations [Pop and Vanhuyse 2004]. The comprehensive erosion of labour power is all the more remarkable since it came at a time when organised labour in many advanced democracies had established new ways of engaging in mutually beneficial forms of cooperation with employers [Wood 2001]. In many advanced welfare production regimes, organised labour has played a key role in social pacts aimed at preserving national competitiveness [Hassel 2006] and it has coalesced with firms to ensure the social protection of valuable asset-specific skills [Iversen 2005; Vanhuyse 2007a]. Reviewing the power of organised labour across twelve advanced democracies, Golden et al. [1999: 223] conclude that even after the oil shocks of the 1970s, and despite neo-liberal ideological hegemony, 'industrial relations institutions and trade unions have by and large proved quite resilient in the face of considerable domestic and international economic pressures in the past two decades'.

It is helpful here to point to the distinction made in the 'varieties of capitalism' literature between two different equilibrium-like models of capitalism characterised by co-evolving institutional complementarities: 'coordinated market economies' (CMEs) in continental and northern Europe, and 'liberal market economies' (LMEs) in the Anglo-Saxon world. Whereas union fortunes did decline markedly in the LMEs, unions successfully defended their bastions in the CMEs. Compared to density rates in 1970, countries such as West Germany, Italy, and Norway had retained similar levels of union density two decades later when

the Berlin Wall came down in 1989. Countries such as Denmark (74% vs. 60%), Finland (72% vs. 52%), and Sweden (83% vs. 66%) actually boasted significantly *higher* density rates in 1989 than in 1970. Unions were able to maintain uniformly high coverage rates, as the proportion of employees covered by collectively bargained contracts by 1990 was more than 75% in all these CMEs.⁹ In the subset of CMEs called Ghent systems, where unions actively administer unemployment insurance (as is the case in Belgium, Denmark, Sweden, and Finland), union density levels even accelerated their steady increase after 1990 [Scruggs and Lange 2001: 158]. This evidence suffices to dismiss blanket arguments stating that organised labour has universally lost its clout in contemporary market democracies, as if this were a 'natural' result of political economy developments in global capitalism in recent decades. By the same token, this evidence also serves to highlight the fact that labour power *has* been distinctly weak in Central and Eastern Europe, with significant consequences for the emerging models of capitalism in this region.

Weak labour as both cause and consequence of the emerging varieties of Eastern European capitalism

Not surprisingly, the spectacular erosion of union power in post-communist democracies has had profound consequences for the larger type of political economy that has been emerging in Central and Eastern Europe. King [2002; 2007] distinguishes between two principal types of post-communist capitalism: a backward patrimonial type relying on raw materials exports – as in the post-Soviet CIS – and a more economically progressive liberal type relying on capital imports and manufactured exports – as in CEE. King [2007] spells out two important defining characteristics of CEE capitalism: an almost complete lack of working-class mobilisation combined with outdated technologies and a heavy reliance on foreign capital. Insightful recent applications of the 'varieties of capitalism' framework to post-communist Europe argue that by the early 2000s, three distinct models of capitalism had emerged *within* CEE (see Feldmann [2007] and especially Bohle and Greskovits [2006, 2007, Tables 1–3]). Slovenia occupies an exceptional place within this region, as it is the only case characterised by a neo-corporatist (or CME) type of political economy. As in Western European CMEs, this includes a strong institutional position for organised labour. Between 91% and 100% of

⁹ Golden et al. [1999: 200, 204]. The most important volumes within the influential and substantial Varieties of Capitalism tradition are Kitschelt et al. [1999b], Hall and Soskice [2001], and Iversen [2005]; for reviews, see Pop and Vanhuysse [2004] and Vanhuysse [2007a]. Distinguishing between CMEs and LMEs allows one also to unpack the seemingly intriguing finding that union density levels were generally *positively* correlated with unemployment levels for most of the period between 1964 and 1991 across all advanced market democracies. At closer inspection, unemployment turns out to be negatively correlated with union density in LMEs, but positively in CMEs [Scruggs and Lange 2001: 162, 156].

all employees were covered under collective bargaining agreements in Slovenia by the early 2000s, as compared to 14–23% in the Baltic states and 34–43% in the Visegrad democracies. Slovenia combines high spending on social protection (25% of GDP), financed by intermediary levels of budget deficits (2.6% of GDP), with high levels of complex exports (49% of total exports) [Bohle and Greskovits 2007]. In addition, Slovenia boasts the highest union density rates in CEE, and it is the only post-communist economy with legally binding bipartite agreements at the central or the national level, and the majority of Slovenian firms have works councils at the firm level [Feldmann 2007: 332–333].

Bohle and Greskovits [2006, 2007] view the Baltic states as a straight neo-liberal (or LME) model combining thoroughly deregulated labour market institutions with a minimal welfare state (average spending on social protection at 14% of GDP) and a strong emphasis on macro-economic stability (average budget deficits at 0.6% of GDP). Firm export strategies are based on cheap, low-skilled labour. Complex exports of high value-added goods and services account for only 28% of total exports. Like Vanhuyse [2006a, 2006b], Bohle and Greskovits [2007] view Hungary, Poland and the Czech and Slovak Republics as an *embedded* neo-liberal model based on generous, but essentially ad hoc and politically targeted, welfare benefits providing some safety nets (with average social spending at 20% of GDP), at the cost of systemic macro-fiscal troubles (average budget deficits of 5.7% of GDP). Firm strategies are to a larger degree based on better-skilled labour, with complex exports accounting for 54% of total exports. But crucially, in both the straight and the embedded neo-liberal variety of post-communist capitalism, weak unions have led to an institutional and policy framework for labour that is much more liberal than in any of the Western European CMEs.

So how to explain this remarkable, near-universal erosion of labour power in CEE? Referring to the legacies of late communism, Baxandall [2000, 2003: 268] argues that the presumption of self-employment undermined the power of post-communist unions or their militancy against fast-rising unemployment: 'Hungarian unions in the 1990s would have been more militant against unemployment *if they had seen themselves* as protecting traditional good jobs rather than engaged in backdoor deals to secure entrepreneurship and sub-contracting ventures.' But if the brunt of the explanation of post-communist unemployment politics can be found in communist-era policies, how 'systemic' really was the change of systems? Kubicek [2004] in turn explains the post-communist labour decline by pointing to causal factors such as the impact of foreign direct investment and international financial institutions, and structural economic changes such as privatisation, the move towards smaller-sized enterprises, and the shift to the service economy. But post-communist societies, newly corporatist Slovenia included, have these in common with Western societies, albeit in an accelerated form. What is arguably the dominant strand of explanations explains post-communist labour weakness mainly with reference to communist legacies (e.g. Crowley [2004] and the contributions to Crowley and Ost [2001]). Post-communist unions, these authors

argue, were endowed with low levels of trust, legitimacy, and worker agency. Combined with an identity crisis in the new liberalising environment, this led to a further decline in the social and cultural standing of unions and drained them of all dynamism. Referring to pre-war labour traditions, Pollert [2001: 22] argues that Czech union action since 1990 has been 'defensive, moderate, and often symbolic. Token strikes and "warnings" were often as far as opposition went ... When it came to industrial action, the traditions prioritizing respectability over militancy prevailed'. More generally, Ost and Crowley [2001: 221] assert that even in the face of massive ongoing membership loss, rather than fighting for members, post-communist unions across the region 'take membership as an institutional legacy of the past, and they take it for granted. Eastern Europe's union activists remain somewhat embarrassed about recruiting as it reminds them of Communist Party pressure from the past'. Essentially, these explanations elucidate labour passivity in the present largely by referring to labour passivity in the past. Yet the fact remains that other social actors, such as political parties and former 'deputy department heads' successfully overcame adverse legacies to assume new elite positions.

The upshot of my argument so far has been that references to union weakness, ideological framing, or past legacies cannot fully account for the dramatic erosion of union power in post-communist democracies. By this reading, macro-structural variables play a role in determining to what extent the environment could be conducive to labour power or its absence. But the theoretical baseline of explanations must nonetheless reside in an account based on purposive actions. For example, Golden [1997] and Laitin [1998] provide such actor-centred accounts from the perspective of, respectively, striking workers and ethnic minorities. Especially in times of economic deprivation, hard material incentives provide more plausible *basic* explanations than the ways in which suffering workers (or their supposed representatives) perceive themselves or frame their suffering. After all, workers' real wages did drop dramatically in the transition (see Figure 1), and the many families that experienced job losses were faced with yet harsher deprivations. Even in more prosperous Western democracies, unemployment is highly correlated with deprivation of a wide range of lifestyle items [Whelan and McGinnity 2000: 295].

Sociological studies show that consistently fewer unemployed than employed citizens reported being able to rely on someone from outside their household when they needed money for an urgent bill, when they were depressed, and when they were looking for a job. The unemployed also more frequently reported having persistent financial worries. For instance, in the Czech Republic, Slovakia, and Bulgaria, 21%, 27%, and 33%, respectively, of those unemployed for less than half a year reported worrying almost all the time about money. This material deprivation went up as unemployment spells grew longer. Respectively, 29%, 42%, and 57% of people unemployed for more than three years worried constantly about money [Gallie et al. 2001: 44]. Upon closer analysis, the data in Table 1 on

citizen attitudes revealed that citizens in the lowest two income quintiles, who were most at risk, showed by far the highest support for unemployment protection, whereas the middle classes showed the lowest support [Lipsmeyer 2003: 558]. Similar patterns have been found in advanced democracies. Recent evidence from the United States [Iversen 2005: 104] and OECD countries [Fraile and Ferrer 2005: 470] shows that support for unemployment protection is positively correlated with unemployment status and negatively with income level. Hibbs [1982a: 262] finds that much larger proportions of manual workers, pensioners, and widows regard unemployment as 'a particularly important or the most serious problem' than supervisory and lower non-manual workers or managerial and professional workers. Support for the ruling party in the United Kingdom [Hibbs 1982a] and for the President in the United States [Hibbs 1982b] was much more sensitive to changes in the unemployment rate among more unemployment-vulnerable, lower-status occupations than among higher status workers.

In other words, in post-communist countries, at least as much as elsewhere, material hardship caused economic grievances and shaped political attitudes, especially among those workers who were most at risk. The political quiescence of post-communist workers, despite the high salience of unemployment, thus remains a puzzle in need of explanation. This points to the need for more agency-based accounts of the role of unemployment – and the political power of workers and their unions – in the emerging post-communist varieties of capitalism.

Agent-based theories of unemployment politics and labour decline

The hallmark of effective political leaders has often been the very fact that they could turn adverse circumstances into political – and personal – successes. During his fourteen years as prime minister (1982–1996), Gonzalez presided over an average unemployment rate in Spain, which (at 20%) was more than double the Western European average. Yet the share of unemployed people that voted for his Socialist Party, while declining over time, was continually higher than their support for any other party. Even in the electoral defeat of March 1996, 38% of unemployed people still voted for the Socialist Party, compared to the 30% for the victorious Partido Popular. This was in large part due to Gonzalez's continued emphasis on social policies as a top priority [Maravall and Fraile 2001: 310; Maravall 1993, 1999]. Similarly, having won the 1979 elections in the United Kingdom and embarked upon a restrictive monetarist programme, Margaret Thatcher presided over massive increases in unemployment, from 1.07 million in May 1979 to over 3 million in 1982, and still at 2 million in March 1989. Yet Thatcher regained power in two subsequent general elections before resigning in 1991. This was in part because the unemployment boom disproportionately affected the north and northwest of England and the Midlands. These regions had the highest concentration of the manufacturing industry and, crucially, they were safe Labour Party seats anyway [King and Wood 1999: 382–383; Wood 2001].

Two recent theories of job loss and labour decline in post-communist Europe have similarly emphasised elite agency in dealing with the politics of job loss. Both theories suggest that, far from disappearing as a political issue, unemployment, real wage declines and other transitional costs have led to deep reservoirs of anger and grief among Eastern European workers. However, elite strategies have rendered workers unable to *mobilise* effectively for concerted collective action against these costs. The result has been political quiescence, despite the conditions for conflict. In Ost [2005], the key question is how political-party and trades-union leaders shape and promote social cleavages, consciously choosing to promote some cleavages rather than others, in an attempt to deal with worker anger. In Vanhuysse [2006b], the core question asked is how key government policy-makers deliberately devised policy strategies to preventively reduce and channel the expression of worker anger. Both theories argue that post-communist political elites strategically channelled workers' grievances in a direction favourable to fast market reform progress, but which carried significant consequences regarding the nature of democracy evolving in post-communist polities.

Ost [2005] suggests that the liberal elites at the head of the Solidarity movement in Poland prevented labour grievances from finding redress along class lines, as a result of which these grievances found an outlet along illiberal lines. Ost argues that in post-communist Poland these elites have attempted to salvage liberalism in the economy at the expense of liberalism in the polity. Convinced that market liberalisation required a weak (and suffering) blue-collar labour force, Solidarity leaders responded to the anger of economic losers by neglecting this anger along *class* lines and by channelling it along *identity* lines, through right-wing nationalist and Christian-Catholic appeals against abortion and atheism and through lustration campaigns against crypto-communists. As Ost [2001: 82] puts it, the real puzzle to be solved is that, instead of building a strong union, Solidarity set out to build a weak movement that would rubberstamp Solidarity governments in pursuit of painful reforms. Both as a political movement and as a union, both when in government and when in the opposition, Solidarity's elites dismissed rather than incorporated labour's economic demands. Instead they developed a political discourse of blaming ex-communists, foreigners, and atheists. This discourse was more credibly adopted by extremist parties, like the League of Polish Families (*Ligi polskich rodzin*) and Self-Defence (*Samoobrona*), and right-wing conservative parties, like Law and Justice (*Prawo i sprawiedliwość*). By picking up easy-to-grab votes from aggrieved workers, all these parties have achieved electoral triumphs in recent years. Law and Justice's leaders, the Kaczynski twins, are today President and Prime Minister of Poland [Vanhuysse 2007b].

Importantly, Ost's narrative can be extended far beyond Polish borders. Worker anger was incorporated along rightwing ethnic or nationalist lines also in Slovakia under Vladimír Mečiar in the 1990s and again in more recent years [Stein 2001], in Croatia and Serbia [Arandarenko 2001] and in the Baltic states [Laitin 1998]. For instance, Latvia and Estonia introduced extremely restrictive

citizenship laws in the early 1990s. These laws excluded the substantive minority of Russians who had arrived under the Soviet era – almost one-third of the population of these countries – from automatic citizenship and made it very difficult for them to acquire citizenship. These policies effectively deprived a substantial constituency, which was very likely to oppose both political and economic independence from Russia, of a democratic voice [Bohle and Greskovits 2007]. Mirroring Thatcher's politically convenient *regional* targeting of economic reform costs in Britain, Baltic economic reforms were targeted along *ethnic* lines. The reorientation of trade away from Russia and towards the West especially hurt the Russian-speaking minority, which was predominantly employed in those industries that had been built up under the Soviet empire [Bohle and Greskovits 2007].

Yet while Ost's factual account is compelling, his causal story is strongly based on ideological conviction (or confusion), rather than material interests [Vanhuyse 2007b]. Indeed, Ost attributes the dramatic decline of Solidarity, once Europe's most powerful symbol of organised labour, to genuinely felt false beliefs on the part of both the members and the leaders of this movement. In *Divide and Pacify* I present an alternative account, which may complement rather than contradict Ost's ideational account of union and party strategies by means of a larger emphasis on material incentives as provided by *government* strategies. I suggest that while ideas and ideology matter, they can be circumscribed by the changed material opportunities open to individual leaders and members of unions during transition. Like Ost, *Divide and Pacify* hammers home the point that protest participation ought not to be equated automatically with actual resistance. My analysis of Hungarian police data indicates that a number of high-profile protests were essentially peaceful demonstrations of a highly symbolical nature, or with an international orientation.

Divide and Pacify focuses more heavily on political *action* capacities than on meanings, framing, and attitudes, as in Baxandall [2000, 2002, 2003]. I point out [2006b: 37] that distributional gains can be allocated to highly aggrieved groups even though they do not seem to protest, for instance in the form of pre-emptive damage-control strategies. Such strategies are especially important given that unemployment is only a subset of wider labour-market insecurity in terms of the social-psychological distress and anxiety it produces [Burchell 1994; Gallie et al. 1994]. It is precisely among at-risk *workers*, before they become unemployed, that the political threat generated by unemployment is likely to be strongest. Theoretical accounts that take events at face value, without recognising potential elements of strategy, are therefore in danger of missing out on crucial parts of the causal story at hand. Against the view that unemployment can be deemed non-salient because it does not spark protests, *Divide and Pacify* notes that political action can be taken to prevent or pre-empt collective protests by highly aggrieved social groups – before they mobilise. I show how the first democratic governments in Central Europe successfully employed strategic social and labour market policies

to prevent highly aggrieved workers threatened by job loss from mobilising for large-scale protests [Vanhuysse 2006b].

In the Czech Republic, these policies took the form of proactive job loss prevention and labour market training. At around 3%, right up until 1996, Czech unemployment was conspicuously below that in any other post-communist democracy. Large-scale unemployment was prevented by high levels of active labour market spending combined with a slow hardening of firm budget constraints and ineffective bankruptcy and macro-financial regulation. This strategy eventually imploded when the outbreak of severe macro-financial crises in 1997–1998 led unemployment rates to soar up. Governments in Poland and Hungary in turn did not prevent large-scale unemployment but dealt with its likely consequences by inducing early and disability retirement for literally hundreds of thousands of working-age Poles and Hungarians. Faced with the risk of protests by workers threatened or struck with job loss, governments split up the high-risk categories into groups with different work-welfare status and lower collective action capacities [see also Vanhuysse 2004b, 2006a, 2006c].

In this account, the distributional conflicts over scarce state resources between groups that had originally shared similar interests and experiences reduced strikes and protest levels but increased general political discontent. Note that the primary explanation here is material and not ideational. Ann Swidler [1986: 282] suggested that ‘in unsettled lives, values are unlikely to be good predictors of action, or indeed of future values’. Beyond this, the variance in strength and the persistence of ideas and values can be explained by material incentives [North 1981; Popkin 1979]. Building on Hirschman [1970] and Greskovits [1998], Vanhuysse [2006b, 2006c] uses the mechanisms of ‘informal exit’, or, more precisely, ‘silent non-exit’, to explain the political quiescence of post-communist democracies despite high levels of grievances.

In Hungary and Poland, suffering workers had stronger incentives to make ends meet by combining (sometimes comparatively generous) welfare benefits – often paid conditionally upon their leaving the labour market and/or unions – with various forms of ‘informal exit’ in the grey economy, and the incentives to organise themselves around an uncertain ‘collective voice’ were weaker. In Romania, even in notoriously strike-prone mining districts, such as the Jiu Valley, the government succeeded, understandably against the wishes of the unions, in transferring 50% more workers than originally anticipated out of the labour market [Kideckel 2001: 107–108]. This was achieved through individualised material incentives in the form of seniority-based severance packages. For governments, inducing job loss or labour market exit had the effect of directly reducing the political clout of organised labour, while simultaneously creating distributional conflict between formerly homogenous workers. A Romanian law from 1991 specified that only active workers could be union members. Workers who lost their jobs thus immediately lost all union rights and assistance. Many of these workers went straight into an informal exit. This has resulted in a ‘fantastic expan-

sion of the labour black market ... [which] especially negates labour's agenda. ... Black-market work is even spurred by union members, that is, formally employed workers seeking additional income'.¹⁰

Informal exits were combined with *wage-arrears-cum-employment*, rather than outright unemployment and labour market exits, to silence angry workers in countries like Russia [Gimpelson 2001] Serbia, and Ukraine [Arandarenko 2001]. In Russia, as in the Czech Republic, large-scale open unemployment was long avoided. Until the mid-1990s, Russian unemployment levels remained unexpectedly low, despite a 'great contraction' of industrial output (which by 1994–1997 had slumped to one-half of 1991 levels). This was in large part due to systematically late wage payments – a strategy that, like the Czech one, was eventually shattered by a macro-financial crisis in 1998. Russians were as frightened of job loss as workers in any other post-communist country. Precisely for this reason, the more they perceived themselves to be at risk, the more willing they were to accept – or, rather, to become trapped in – jobs that did not pay them on time but still involved late payment and non-financial perks – a better alternative than outright unemployment. The share of Russians affected by wage arrears went up from 38% in March 1993 to 63% in May 1996. But despite the numbers of workers affected and the real wage erosion brought about by high inflation, unions were too weak to flex their muscles.¹¹ Like elsewhere in CEE [Vanhuysse 2004a], Russian strike levels remained even lower than in stable, advanced democracies.

In the same vein, the sociological literature cited above provides plentiful evidence of upward mobility at the high end of the opportunities market – on the part of cultural, economic, and political elites. Union elites also had stronger incentives to advance their careers and individual interests by leaving unionism and/or exploiting workers. Indeed, a cynical common thread running through case studies of labour decline, such as Crowley and Ost [2001], Kubicek [2004] and Ost [2005], is the description of union leaders mobilising their members mainly if and when it promoted their *own* political interests. Union elites have often used their positions as jumping boards to political leadership, with generally meagre payoffs for the movements they had left behind. Beyond the self-interest of the individual elites involved, alliances with political parties were thus often a one-way street. Their effect was to strengthen parties and to weaken unions and civil society. However, although such alliances were not present in the Czech Republic, union decline was equally pronounced. In sum, political elites were

¹⁰ See Kideckel [2001: 108–109]. In a variation on the 'divide and pacify' theme, Pollert [2001: 26] argues that the collective solidarity of Czech workers was successfully eroded by corporate tactics aimed at individualising job rewards, which created confusion and division among workers.

¹¹ Gimpelson [2001: 29–30, 40]. Yet, despite relatively low levels of unemployment, fear had big eyes here as well: the share of Russians answering that 'there are unemployed among my relatives and friends' went from 41 to 70% between April 1993 and January 1996 [Gimpelson 2001: 43].

very much in the driving seat throughout the 1990s. As Korkut [2005: 170] put it: these elites either attempted to exclude organised labour and other interest groups from policy influence, or to simply co-opt the best members among these interest groups into politics.

Conclusions: situating the post-communist labour decline in a comparative-historical perspective

However poignant and seemingly particular, the post-communist tales told in this essay need to be situated in a wider context of the political economy of labour in contemporary capitalism. After all, the 'resurgence of labour quiescence' has been equally marked in a number of advanced democracies [Shalev 1992a]. At least in Western Europe, comparative studies of labour movements indicate that even when there are nominal signs of strength, many union movements are nevertheless too complacent, or simply too weakened by past liberalising battles, to be able to reinvent themselves as effective autonomous forces [Martin and Ross 1999]. At the most general level, the dramatic across-the-board decline of post-communist unions and the ideological crises with which they have grappled also underscore deeper issues regarding the structural subordination of wage-earners and the material bases of consent in democratic capitalism [Przeworski 1985; Przeworski and Wallerstein 1988]. The fast and pervasive changes brought about by the *systemic* transformation from communist worker states to liberal or embedded liberal political economies (Slovenia excepted) has rendered labour's crises more acute in the post-communist case. But the story described here has a more universal ring to it. Even more balanced historical accounts tracing the historical evolution of labour worldwide nowadays end on a distinctly pessimistic note. Beverly Silver [2003] argues that there has been no universal erosion of labour power since 1870, as industrial relocations have generally eroded labour in the old locations but enhanced it in developing economies. Over the long haul, the main story of unionism may therefore be one of a shift in the vanguard role away from the old Fordist industries and towards newly emerging occupational groups and industrial locations. Yet Silver [2003: 172] concludes that, in the globalised service-sector capitalism of the 21st century, the bargaining power of many low-wage workers is 'closer to that of workers in the nineteenth-century textile industry than that of workers in the twentieth-century automobile industry'.

Of course, political history is also rife with dramatic examples of union elites abusing their positions to pursue personal advantage. Michael Shalev [1992b] argues that Israeli labour party leaders have historically tended to favour their own institutional interests over the needs of workers. Shalev suggests that labour elites systematically pursued policies that weakened labour's support base, including the orchestration of recessionary policies in the mid-1960s. This strategy temporarily bolstered the waning control of the Histadrut union over labour, but it made the union lose legitimacy in the long run. This in turn led to the first-ever loss of

the Labour Party's hegemonic position in government in the 1977 elections. Mirroring the story of organised labour in Poland and other post-communist cases, Miriam Golden's [1997] study of labour in Italy, Britain, the United States, and Japan indicates that the most dramatic post-war strikes (officially) against large-scale job loss were never primarily intended to protect the unions' rank-and-file, but rather to safeguard the union organisation and its most senior members.

Consider again our original example of strong leadership – Thatcher in a liberalising Britain. Thatcher's consecutive Tory governments comprehensively eroded union power by means of three Industrial Acts between 1980 and 1984 that cut union rights and made unions liable in the event of industrial actions that were not authorised by a stipulated procedure. Closed shops were weakened and secondary picketing was made illegal. Union leaders needed to conduct postal ballots with their members before embarking on strikes, and under specified circumstances employers could sue unions for the losses they incurred [King and Wood 1999: 387; Crouch 1982: 99]. As a result, membership in the Trade Union Congress fell from over 12 million in 1979 to under 7 million in 1995 [Wood 2001: 395], as the UK underwent the single largest union density decrease in the entire OECD (from 49% in 1980 to 38% in 1988). At 48% in 1990, union coverage in the UK similarly represented a low-level outlier in a Europe where 'four out of five workers receive wages that reflect the outcome of a process of collective bargaining' [Golden et al. 1999: 204, 200]. Industrial conflicts, which in preceding decades were on the rise (and were instrumental in getting Thatcher elected after the 1979 'winter of discontent'), subsided at a time when poverty rates and income inequalities increased and employment in manufacturing fell drastically. Nevertheless, organised labour had less clout: close to 33 million working days were lost in strikes between 1981 and 1988, compared to 41 million days in 1979–1980 alone [King and Wood 1999: 387].

In the same vein, strategic public policies by government elites aiming to reduce or channel labour anger had also employed earlier, during a previous wave of European transitions to democracy [Vanhuyse 2006b: 50]. Like the Czech strategies after 1989, governments in newly democratic Portugal after the Revolution of the Carnations in 1974 successfully delayed privatisations in order to shelter large segments of highly unionised and traditionally militant workers in the state-owned enterprises from redundancies. Privatisation laws were amended only in 1988, by which time new investments and subsidies were flowing in after Portugal's new European membership. But by then the power of Portuguese unions, which had been strongly in the ascendancy in the revolutionary period, had been eroded due to the same structural and macro-economic factors discussed above in the post-communist case. Severe job losses were avoided and strike behaviour was muted. For instance, strike frequency during the first seven years of Portuguese democracy was much lower than it was after 1980 [Stoleroff 2001: 180; Torres 1994]. But by then, Portuguese democracy had taken firmer hold.

As we have seen, the erosion of organised labour and the silencing of the economic demands of workers at the hands of liberal elites, while not unique

to post-communist Eastern Europe, nonetheless had far-reaching consequences both for the nature of democracy and for the particular models of capitalism that have been emerging in this region. Theories based on elite agency can help to explain labour quiescence and union passivity without resorting to Machiavelian win-win solutions or relying on implausibly powerful framing effects. The social costs of transition were politically salient. Where unemployment increased early on, it led to declining electoral support for incumbents and widespread anti-incumbency voting: compare, for example, Hungary and Poland with the Czech Republic throughout the 1990s [Vanhuysse 2006b]. But where dramatic unemployment increases were prevented through large-scale wage arrears, as in Russia, *the latter* had a strongly negative connection to electoral support for incumbents [Gimpelson 2001]. To conclude, elite strategies during the unsettled times of early transition may have been temporarily successful in silencing suffering workers (at least until election time), but they also led to electoral defeats for politically liberal forces. A corollary of this has been the upsurge in illiberal politics, which many post-communist democracies are still strongly confronted with at present. Now that these unsettled times are over in most of Central and Eastern Europe, the politics-as-usual template of today and tomorrow in this region may nevertheless follow a logic very different from the one observed after earlier transitions to democracy.

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